PRESIDENTIAL INITIATIVE

Assessing Your County's Readiness for Economic Development

A GUIDE FOR RURAL GOVERNMENTS

The Honorable Karen M. Miller
Commissioner, Boone County, MO

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A Guide for Rural Governments

National Association of Counties

Founded in 1935, the National Association of Counties (NACo) is the only national organization in the country that represents county governments. With headquarters on Capitol Hill in Washington, D.C., NACo's primary mission is to ensure that the county government message is heard and understood in the White House and in the halls of Congress.

NACo's purpose and objectives are to:

- Serve as a liaison with other levels of government;
- Improve public understanding of counties;
- Act as a national advocate for counties; and
- Help counties find innovative methods for meeting the challenges they face.

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Foreword

As I took office as President of the National Association of Counties, one of my goals during my term was to help provide rural governments with the tools necessary to improve themselves. Among these are economic development tools.

Many rural governments need a starting place to improve their local economies. This guide, an update of a previous NACo publication, has been prepared to provide rural communities with a tool that can be used to get started on a close self examination of their own resources and assets as they begin their economic development journey.

However rural governments develop their economic development policies, they should be based on the strongest attributes of rural communities. These are the rich natural resources, the warm and close communities, the local businesses that already exist and the spirit of America and its future promise.

Karen M. Miller

President
Commissioner, Boone County, MO

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Part I

Getting Started

First – The Hard Part – Thinking Outside of the Box

Question 1. – Does your county have the political will to make the decisions necessary to encourage economic development?

Question 2. - Does your county have the financial mechanisms in place to encourage growth and development?

Question 3. Does your county have the infrastructure in place to make economic development a reality?

Question 4. –Does your county have a viable workforce available to staff potential business and industry that you may attract?

Question 5. – Is your county willing to form the coalitions, both public and private, that may be necessary to attract economic development?

What do you want to happen in your Community?   What is your county's long- range economic goal?   Review the following checklist and check those goals that best match those of your county leaders.

X if it applies	**Goal**
	1. Build and support local businesses
	2. Retain the businesses that are already there
	3. Provide stable jobs for residents and steady revenue for the county
	4. Attract development that is compatible with citizens, existing businesses and workforce.
	5. Using what you have to advantage.
	6. Competing in the global society
	7. Improving and protecting greenspace and environment
	8. Reducing poverty and unemployment

What are your County's Assets

The next step is to determine your county's readiness for economic development. A complete inventory of its assets is required to do this assessment properly. The following list contains many assets, that if present, will enhance local economic development efforts. Check any of the following that are already present in your county.

X if you have it	Asset
	1. Chamber of Commerce
	2. Community, Junior or 4 year college
	3. Vocational High school
	4. Active business association(s)
	5. Building codes and ordinances
	6. Zoning and land use plan
	7. Comprehensive Plan
	8. Strategic Plan
	9. Capital Budgeting Plan
	10. Active business community
	11. Active civic participants
	12. Docks and Piers
	13. Public Transit
	14. Young infrastructure
	15 Good and accessible roads and bridges
	16. Water and Water infrastructure
	17. Sewer and wastewater
	18. Varying types of housing stock, including affordable housing
	19. Day care facilities
	20. Arts and cultural activities
	21. Good private schools
	22. Tourism activities
	23. River(s) or waterways
	24. Trees and timber
	25. Cell towers
	26. Fiber optics
	27. Intergovernmental agreements
	28. Mutual aid agreements
	29. A viable downtown
	30. A dying downtown
	31. An active private sector
	32. An active volunteer sector
	33. Parks and recreation activities
	34. Solid waste or hazardous waste facility
	35. Service industry employment
	36. Sports stadium or other sports facilities

	37. Close interstate connections
	38. Rail
	39. Shipping
	40. Airport(s)
	41. National or state parks
	42. Professional management in government structure
	43. Coastal climate and beaches
	44. Temperate Climate
	45. Winter climate and winter sports activities
	46. Fertile soil and grazing lands
	47. Bond ratings
	48. Borrowing or bonding capacity and/or limitations
	49. Authority to levy a local option sales tax
	50. Authority to levy a mil of property tax for economic development
	51. Authority to use Tax Increment Financing
	52. Publicly owned utilities
	53. Privately owned utilities
	54. State imposed property limits
	55. Authority to impose impact fees
	56. Authority to impose user fees and charges
	57. Authority to impose franchise fees
	58. Comprehensive Animal Breeding Operations
	59. Functionally consolidated services and programs
	60. Access to CDBG funds
	61. Membership in economic development organization
	62. Age diversity
	63. Racial diversity
	64. Non Profits
	65. Payments in lieu of taxes funds
	66. High unemployment
	67. Low unemployment
	68. Availability of a highly skilled workforce
	69. Existing small businesses
	70. A major industry
	71. Availability of grants, job credits or other incentives
	72. Job Training program or Private Industry Council
	73. State Government Financing pools
	74. Active real estate community
	75. Current maps
	76. Geographic Information System
	77. Short and long term labor availability
	78. Hotels and convention center
	79. Hospitals and medical community
	80. Up to date data on the county
	81. Regional collaboration projects

Completion of this self-assessment tool will help your county to determine for itself if it is ready to move into economic development arenas.

Taking the First Steps

Invite all instrumental and involved parties to the table. They will be necessary to the success of your efforts.

Listen to all ideas and incorporate them where practical.

Using the answers to the questions above and the realities of your county from the self-assessment checklist, look at your strengths and weaknesses.

Determine exactly where you are by looking at up to date information on your county and your region.

- What is currently driving your local economy?
- Is the economy local, regionally dependent or nationally or internationally dependent?
- What areas of the economy are currently booming?
- What areas are dying or declining?

- What resources are readily available?
- What does your available workforce look like?
- What does your county need the most right now?
- Does your land use plan provide for economic development and growth?
- Does your county's strategic plan have an economic development portion?
- Are economic development plans already underway?
- How are current economic activities working?

Adopting a Local Policy for Economic Growth

Use an integrated approach

- All areas of the community, including not only the county, but existing businesses, educational institutions and residents should work together to develop a plan that:

    1. Encourages local entrepreneurs

    2. Meets the needs of all in the community

    3. Promotes stable jobs and revenue

    4. Protects the environment

    5. Assists with social equity

    6. And competes in the global economy.

- *Create a Vision*

Every community should develop a vision and a strategic plan for economic development that includes the civic groups and other public organizations that are not generally included in local planning.

- *Aim to Reduce Poverty*

1. Efforts to improve the economy should promote jobs that use the existing skills of residents as well as well as jobs that will improve these skills.

2. Economic decisions should also address the concerns and job needs of welfare to work employment.

3. Affordable transportation, childcare and housing should be made available as part of the plan.

- *Emphasize a local focus*

1. Work with local businesses in the community to provide the support they need for expansion and growth.

2. Encourage local entrepreneurs to build businesses that will succeed outside of the community.

STRATEGIC PLANNING

Strategic planning is a management tool that helps communities to envision their future and design appropriate steps to achieve that future, using existing resources and the potential for generating new resources. Developing a formal strategic plan is a recommended starting point for communities. A strategic plan is key to the success of a sound economic development plan because it:

1. **Shapes a community's future.** Strategic planning helps communities steer their economic development activities toward their long-range economic development goals. As each new project or program is undertaken the plan is a reminder as to why those new projects or programs are being implemented.

2. **Provides a structure for mutually accepted goals and a common agenda.** Strategic planning builds consensus and provides a vision common to public and private local leaders, as well as community activists, who want to see specific issues addressed.

3. **Defines the purpose of the community.** A strategic plan defines the purpose of the community and communicates the goals, needed resources and action steps to community members.

4. **Balances community goals with realistic local resources.** Since the plan is based on the needs and constraints of the community it involves a realistic assessment of resources and assets as well as community trends and developments.

Strategic Plans are beneficial because they:

- Help organize responsibilities and tasks
- Direct the flow and interaction of activities over time
- Generate a realistic schedule for completion of activities
- Project the impact or result of actions taken
- Outline the responsibilities of each person or organization involved
- Highlight funding requirements and sources
- Provide a basis for monitoring and evaluating results

Strategic Planning Process

The following steps are integral to any planning process:

1. **Pre-planning**. Initiate and organize the process and build consensus for action.

2. **Developing a realistic vision**. Determine the issues the community wants addressed. The vision reflects the community's view of itself in the future but must be realistic and achievable.

3. **Assessing the local economy**. Looking at the economic environment, community resources and barriers to local development.

4. **Identifying, evaluating and prioritizing projects**. Establishing priorities helps to maximize existing opportunities.

5. **Developing plans of action**. Develop action steps and assign responsible individuals and organizations.

6. **Implementing plans**.

7. **Monitoring and evaluating outcomes**. The monitoring process includes adjusting plans to address changing conditions.

Beginning

- Convene individuals responsible for guiding the strategic planning process.
- Identify stakeholders and define their participation in the planning process.
- Select an organizational arrangement for the strategic planning process.
- Specify and schedule activities to carry out the different components of the planning process.
- Determine the planning process' technical and financial support requirements.

Stakeholders

Involving a diverse group of stakeholders in the strategic planning process expands the resource base in terms of available finances, manpower and information, and lends legitimacy and credibility to the planning process.

Private sector support is crucial for every county strategic plan since a primary objective of most county economic development plans is to stimulate private sector investment and involvement in the community. As the target audience for most economic development activity, private sector involvement is essential to the success of the county's efforts.

Assessing the Local Economy

A good strategic plan must recognize the driving forces in the local economy: its economic base industries, development capacity, external trends and events that may affect the community's development. This sets a direction for the planning effort and provides a factual basis for the economic development goals and strategies.

Assessing the local economy helps determine:

1. Important challenges that the economy is experiencing or is likely to experience.
2. Existing and potential competitive advantages of the community and how it compares to other communities.
3. Obstacles to attaining economic development goals and objectives.
4. The regional, national and international environments in which the local economy exists, their impact on the local economy, and what factors are likely to change overtime.
5. The local resources available to enlist in implementing the economic development plan.

Universities, community colleges, utilities, and other area organizations can help gather and analyze statistical data on local economic structure and characteristics. Surveying community leaders is also useful, as are Census reports on county demographics and government surveys. Detailed data is helpful during the strategic planning process and will be required later if the plan calls for marketing the community to retailers and other chain businesses.

Creating a Vision

By creating a community vision, the plan provides a foundation on which future economic development activities will be based.

A mission statement conveys the core reason for the plan. A mission statement is a long-term statement of purpose that identifies the areas in which the county will be active, and reflects the guiding principles and priorities of local leadership. It should provide goals and objectives and establish the measurements of success to be used for future evaluation. The goals and objectives should also assign individuals or teams responsible for each activity and target dates for completion.

Action plans outline how strategies, projects, programs and activities will be implemented. They clearly define who will carry out the plan, what they will be required to do, and when this will be done.

Determining Which Strategies to Undertake

The county should use the following to develop strategies:

- Compatibility with mission, vision, goals and objectives
- Cost effectiveness
- Available resources (such as staff size, infrastructure, and management)
- Expected impact/benefits
- Time frame
- Community needs
- Available staff
- Priorities of the community

Ultimately, the strategies selected should use the group’s strengths while avoiding its weaknesses, and capitalize on community opportunities.

Implementing Plans

Once the above steps have been completed, the strategic plan is ready to be implemented. The plan can help the county establish procedural guidelines and benchmarks. As county leaders base their decisions on the strategic plan, policies and proposals will reflect the community vision.

Implementation should be thoughtfully and carefully carried out: this is where many counties fail. The implementation process must address anything and anyone affected by the plan, as well as those whose contributions are vital to the program's success.

Monitoring and Evaluating Outcomes

County leaders will find that it is important to develop future strategies and plans in order to have a clear understanding and measurement of what the economic development efforts have achieved.

Strategic planning is an ongoing, dynamic process that adapts to the changing conditions in a community. Therefore, strategies and programs must be continually monitored and evaluated to ensure their continuing effectiveness and appropriateness, and to prevent problems from taking root. They should also be reviewed frequently to ensure that the basic assumptions still hold.

Monitoring and evaluation activities help to:

1. Ensure that the projects are effective and on track
2. Justify the costs involved
3. Determine if adjustments need to be made
4. Enable the promotion of project success throughout the community

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To be effective and useful, evaluations should be conducted:

1. Before program implementation **-** to test the feasibility and impact of the individual projects and programs planned.
2. During the program operation - to measure progress toward goals and objectives.
3. After program completion - to determine how the project has performed in terms of costs, timing, and benefit, as well as in terms of its initial goals.

When designing, monitoring, and evaluating procedures, establish:

1. What is to be monitored and evaluated: output, process, and/or impact?
2. What technique will be used to monitor or evaluate it?
3. What programs will be used to benchmark against, if any?
4. Who will be responsible for conducting the monitoring and evaluation activities: the county, the chamber of commerce or a special committee, outside consultant, etc.?
5. How frequently will a program be assessed?
6. Who will review the results (e.g., county council vs. department staff only)?
7. How will the results be used?

Evaluation Indicators

Three basic questions should be kept in mind when evaluating a program:

1. Has the program achieved its objectives? Defining objectives in measurable terms makes this easier.

2. Are the program initiatives still appropriate and on target?

3. What is the return on the community's investment? (Is the program cost-effective?)

Evaluation Techniques

The three basic ways to evaluate the outcome or impact of a program:

- Benchmarks
- Economic impact
- Fiscal impact.

Benchmarking - Comparing project outcomes to pre-established indicators or standards.

The most common benchmarks are:

1. Best practices - outcomes of programs or activities implemented in other communities or by other organizations. How do program results compare to those of similar programs implemented elsewhere.

2. Pre-established performance standards – such as the costs associated with the creation of a single job. For example, U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) regulations require that at least one job be created for every $15,000 of CDBG monies spent/invested in a project.

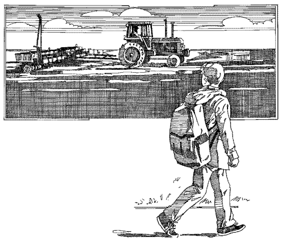
3. Project goals and objectives - did the project create as many jobs, health centers, businesses, etc., as projected.

Economic Impact - Economic impact measures the outcome of a project and whether the community is better off as a result of the economic development effort. Economic benefits are usually assessed based on before and after.

The most common measurements of economic benefits are:

- Number of businesses created, retained, attracted, expanded
- Number of jobs created or retained
- Dollars invested in the community

Fiscal Impact - Fiscal impact is a form of cost-benefit analysis. It compares the gross revenues or benefits of a project with the costs associated with implementing the project. If revenues exceed costs, the program is said to have a positive net fiscal impact.



Part II

Unique Challenges Facing Rural Areas

Rural governments have daunting challenges on their way to becoming successful draws for economic development. What makes this a unique situation is their overwhelming need for the same economic development that is so difficult to attract.

Unlike most urban communities

First, many rural communities have few resources on which to draw to promote themselves to attract badly needed industry and business investment. Among the five major resources that are scarce in rural communities are:

- Necessary infrastructure - this includes water and sewer, fiber optics, roads and proximity to interstate highways, public transportation, airports, and railroads.
- Viable workforce -scarcity of colleges, junior colleges and other specialized training institutions, coupled with higher high school dropout rates.
- Necessary private support - chambers of commerce, businessmen's association, nonprofit community, professional community, etc.
- Amenities - Arts and cultural activities, schools, stadium, etc., that enhance the quality of life.
- Financial resources - special revenues for economic development, bonding authority and capacity, general funds, etc.

What can rural counties do to prepare themselves?

First, make friends with your neighbors. The most effective method of preparing for development is a regional approach. Counties can work with other nearby counties, as well as their cities, to develop an attractive climate for development.

Take responsibility for the future of your community and that is what it is - not a city, not a county - but a community, not restricted by jurisdictional lines on a map.

Look for leaders. They can be found in strange places. A successful economic development strategy must include the public officials, the private sector and community members.

Listen to everyone; there are many good ideas out there.

Reassess frequently - the key is to constantly and realistically measure your success and throw out what is not working.

Use the expertise available to you. Many private and business members of your community are leaders and have useful skills and existing networks they have already developed. These skills can benefit the entire community.

Stick with it, even when it looks like it won't work. Revise, regroup and replan.

Approaches to economic development that work for rural counties:

1. Improve the county's ability to keep existing income. Money in a community goes in and out of the local economy. A well-designed healthy county can limit the outgoing money. Money goes out of a community when the residents go outside of the county to make purchases, vacation away from home, invest in out of town businesses or real estate and it goes home with workers who commute to the county from elsewhere.

2. Encourage the location and expansion of businesses that are linked because of their interdependence. This includes businesses that are customers locating near their suppliers and also includes businesses that share the need for the same local resource.

3. Look at manufacturing as a source of development. Recent studies conducted by the Bureau of Economic Analysis have shown that manufacturing is replacing agriculture as the main economic base for the rural Midwest.

4. Establish public and private partnerships to learn how to conduct the business of recruiting business differently.

5. Locate training and contact peers in other governments to strengthen the capacity and knowledge of local leaders.

The following factors can affect economic development in rural areas:

- Policy Issues
- Levels of taxation and the ability to raise revenue
- Public spending activities
- Banking laws
- Availability of industrial revenue bond financing

Miscellaneous factors that can affect rural development:

- Salary levels
- Union activities
- Unemployment rates
- Access to highways, airports, and other transportation
- Quality of the labor force
- Availability of high education institution Distance from a metropolitan area
- Median household or per capita income Population and population density
- Level of urbanization
- Weather/temperature/precipitation
- Price of energy
- Land prices and availability
- Minority population level
- Age distribution in the population
- Fire protection ratings
- Level of labor productivity
- Activities supporting small business

Most private businesses look for governments that make business friendly policy decisions. They also favor those governments that have good bond ratings, low taxes and good banking laws.

In the miscellaneous, or non policy issue areas, businesses like areas where they can get educated labor at reasonable rates, with little interference from unions. They prefer areas where the cost of land and energy is low, but the level of fire protection is good and the access to major transportation systems is good.

After these considerations, many will look at the quality of life in a community and the local economy. The weather, proximity to a major metro area, the age distribution in the area and the availability of quality higher education are also plusses for a rural community.

Recent findings from an USDA study indicate that:

1. Large minority populations can slow the growth of a county

2. Higher wage demands can slow growth

3. Growth is faster in counties with an educated population

4. Counties that spend more on public education experienced higher growth

5. Counties with a passenger airport within 50 miles experienced growth

6. Access to an interstate highways increased growth

7. Earnings were steady but lower for counties dependent on businesses with 20 or fewer employees.

8. The type of industry affected growth dramatically (service, education or government vs. forestry, mining and oil and gas)

Part III

Best Practices

Public Private Partnership

Mobile County, AL
Population: 399,843

Background
The Mobile County, AL, Board of Commissioners created a public/private coalition to address bringing economic development to the area. The partnership included the City of Mobile, the County, The Mobile Chamber of Commerce and representatives from the State Of Alabama Economic Development Office. The coalition worked together to develop a strategic plan for the county that included developing infrastructure and financing. As a result of this coalition, the county has seen the arrival of a major steel plant.

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Riverbend Center for Enterprise Facilitation - 2003

Blue Earth County , MN
Population: 54,044

Background
The Riverbend Center for Enterprise Facilitation (RCEF) is a Blue Earth County, low cost, locally controlled, client-centered, rural grassroots economic development program designed to identify, encourage and support homegrown innovation. The RCEF addresses the missing element of economic development--the human element. Based on the belief that the economic future of rural America lies in the dreams and aspirations of the people; and with absolute certainty, that anywhere, at any time, there are people who are committed to and are thinking, planning, and working at making their dreams become a material reality...the RCEF was founded in Blue Earth County to capture the passion, skill, resources and imagination of local people to help them realize their dreams and potential. As a staff of one, the master facilitator works alone on a daily basis without supervision and exercises good business judgment with the freedom to act based on trust earned form the Board of Directors to work with entrepreneurs, aspiring entrepreneurs, students, existing businesses, independent contractors, community projects, non-profit organizations, academia, government agencies, inventors, innovators, the un-retired and people with ideas who express the passion to succeed. This FREE and unique, bottom-up approach to economic and community development serves those who would otherwise go unnoticed and un-served with the goal of helping

these clients to become self-sufficient. While in the business of rural economic development, this grassroots approach is based on the premise that: "people don't care how much you know, until they know how much you care."

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Economic Development Initiative - 2003

De Soto County , FL
Population: 23,865

Background
DeSoto County implemented an Economic Development Initiative Program two years ago to diversify its economy and mitigate the loss of its largest employer. The Board of County Commissioners created a position for Economic Development within the administrative section of the County to facilitate collaboration between the departments within the government structure and the economic development director. This initiative sought to diversify our primarily agrarian economy and change the trend of job loss and high unemployment. By creating a "team Approach" to economic development within County government itself, DeSoto County sought to facilitate the process for business owners when seeking to locate in the County. This allowed the County to develop an inducement package, seek funding opportunities and establish Enterprise Zones that coincided with the County's development plans. Only three short years ago, DeSoto County teetered on the brink of Bankruptcy and was in danger of the State of Florida taking over the operations of County Government. Therefore, it was imperative that changes occur in our County and the trend be reversed expeditiously and efficiently. This initiative was a major part of the change that has taken the County from the abyss of bankruptcy to its designation as USDA "Community of the Year" for 2002.

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